

**TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 12, 2013**

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

CBIA opposes certain modifications contained in HB 6612 An Act Concerning the Health Insurance Grievance Process for Adverse Determinations, the Office of the Healthcare Advocate and Mental Health Parity Compliance Checks.

Specifically, CBIA is concerned about Section 14 of this bill that modifies the definition of "Managed Care Plan" as contained in Conn. Gen. Stat. 38a-1040 which governs the Office of the Healthcare Advocate. The bill expands the definition of Managed Care Plan to also include self-insured plans.

This expansion of power is a problem for two reasons:

- **Cost Effectiveness:** Many companies attempt to counteract the high cost of doing business in Connecticut by instituting cost saving measures. And, one such example is self funded health insurance plans. Companies choose to self fund in order to benefit from the cost savings that type of program offers. However, this bill would damper such cost savings by imposing new regulations on the existing system. Although one could argue this modification merely allows the Office of the Healthcare advocate to assist those who seek help, the precedent that would be established is significant. Companies are able to take advantage of cost-savings due to the existing federal framework and state regulatory changes will only increase costs. This type of expanded state authority is a slippery slope that is likely to lead to further regulation which would negatively affect business.
- **Federal Law:** As you know, self insured plans are governed by federal law and this modification would challenge that precedent. Also, specific to this bill, it is unclear what type of guidance the Office of Healthcare Advocate would lend to self insured plans.

In conclusion CBIA opposes expanding the definition of Managed Care Plan to include self insured plans because (i) increased regulation is likely to lead to increased cost and (ii) self funded plans are regulated by federal law.

CBIA urges you to revise section 14 of HB 6612 as stated above.
Thank you for the opportunity to offer CBIA's comments.